

**Opening Statement  
By Chairman Chris Smith  
House Subcommittee on Africa,  
Global Human Rights and International Operations  
October 20, 2005**

Since being signed into law in May 2000, the African Growth and Opportunity Act, or AGOA, has increased U.S.-Africa trade to more than \$35 billion last year and has created excitement on both sides of the Atlantic Ocean among businesspeople seeking to increase their income through trade. This trade legislation has been hailed as perhaps the most significant American initiative on Africa in our country's history.

However, approximately 80% of trade under AGOA remains in extractive industries, such as oil, and does not involve small and medium-sized businesspeople to the extent originally intended by AGOA's authors. Despite the signing by President Bush of the AGOA Acceleration Act last year and the spending of \$181 million in 2004 on trade capacity building programs, small and medium-sized businesses in Africa and America have not been able to take advantage of AGOA's benefits as hoped.

Even after much discussion of this issue, there remain too many African and American businesspeople unable to successfully build the business ties necessary for U.S.-Africa trade to be more broadly meaningful for African economies. Consequently, only a relatively small slice of the nearly 6,500 duty-free items under AGOA are being traded by African and American small and medium-sized businesses, including hundreds of agricultural products that African farmers could be selling to America duty-free.

When AGOA was first proposed in 1996, many of us had concerns about how labor rights in AGOA countries would be protected and how the jobs of Americans would be safeguarded against being exported in significant numbers to lower-wage African workers. Worries about American jobs being exported turned out not to be as significant as once feared. However, the rights of workers in AGOA countries continue to be a concern.

Our initial concerns with the status of labor and human rights in AGOA-eligible African nations have not been effectively addressed as discussed in

the original debate on this trade process. A major part of the problem seems to be hollow enforcement. Swaziland offers a perfect example of a labor law enforcement process that lacks teeth.

According to the current U.S. Department of State Human Rights Report, Swaziland's Industrial Relations Act (IRA) does not permit strikes, but rather provides that employees who are not engaged in "essential services" have the right to participate in peaceful protest action to promote their socioeconomic interests. The law details the steps to be followed when disputes arise and provides penalties for employers who conduct unauthorized lockouts. However, penalties were not imposed for the lockouts that occurred last year. The IRA empowers the Government to mediate employment disputes and grievances through the Labor Advisory Board, yet when disputes arose, the Government often intervened to reduce the chances of a protest action. So on paper, Swaziland has the law and the regulatory agency to defend workers' rights, but the government often circumvented its own process.

Another issue limiting African government protection of worker rights is the fact that in Swaziland, as in so many other countries, the laws and official labor rights agencies only cover the formal sector. Throughout the continent, the formal sector represents only one-quarter to one-third of the overall economy. Consequently, most African workers are not adequately covered by the laws and agencies designed to protect them.

As for human rights, some of the worst abusers are AGOA-eligible countries. Our ranking member, Mr. Payne, inserted language into the original bill to highlight the importance of respect for human rights under the AGOA process. Yet we have seen little action taken against countries whose human rights practices would seem to disqualify them for trade preferences under AGOA.

One country that has been ousted from the AGOA process is Cote d'Ivoire (COAT-DUH-VWAR). The 2005 Human Rights Watch World Report lays out the case that Cote d'Ivoire is in the midst of "a serious disintegration of the rule of law" due to armed conflict between the government and rebels and serious political unrest. Clearly, Cote d'Ivoire is in no shape economically nor politically to be part of AGOA at this time. Its ouster from AGOA was all but inevitable. Eritrea also was ousted, but only partly for human rights problems.

However, Burkina Faso was granted access to AGOA benefits last December, despite a State Department human rights report citation of a poor human rights record that included torture and abuse of detainees by security forces and arbitrary arrest and detention.

Good governance is another goal of the AGOA process. Yet there are still too many AGOA-eligible countries not making significant progress in that regard, and even some who could be said to be losing ground on good governance. Corruption is supposed to be diminishing, but the misuse of African resources by corrupt government officials continues to the detriment of the welfare of citizens.

There is a participation requirement for African countries to benefit from the provisions of AGOA. Most involve economic and trade policies, but labor, human rights and good governance, as well as environmental concerns, are supposed to be embedded in this process. If we do not enforce these participation requirements, they become meaningless.

AGOA has definitely produced some positive results due to the diligent support of the Administration and many members of Congress, such as our vice-chairman Mr. Royce and Mr. Payne. Nevertheless, many of the goals they set have not been met, and after five years, it is time to make some course corrections so that AGOA fully lives up to its promise.

The Subcommittee on Africa, Global Human Rights and International Operations is conducting this oversight hearing to examine and acknowledge AGOA's many successes, but also to determine what needs to be done to more broadly ensure its benefits and to better guarantee the rights of workers and citizens in AGOA nations. Our witnesses have been invited to testify not just to critique AGOA, but also to begin the process of enhancing its benefits. Many members of Congress remain skeptical of trade processes such as AGOA, but since it is here to stay, we must make it perform as effectively and as equitably as possible.